

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

TESSERA, INC.,

Plaintiff,

v.

ADVANCED MICRO DEVICES, INC.,
et al.,

Defendants.

No. C 05-4063 CW

ORDER DENYING
SILICONWARE'S AND
CHIPMOS'S MOTIONS
FOR A TEMPORARY
RESTRAINING ORDER
AND PRELIMINARY
INJUNCTION

AND RELATED COUNTERCLAIMS.

Defendants Siliconware Precision Industries Co., Ltd. and Siliconware USA, Inc. (together, Siliconware) move for a temporary restraining order and preliminary injunction prohibiting Plaintiff Tessera, Inc. from pursuing outside of California certain claims against Siliconware's customers. Separately, Defendants ChipMOS Technologies, Inc. and ChipMOS USA, Inc. (together, ChipMOS) move for a temporary restraining order and preliminary injunction similarly prohibiting Tessera from pursuing outside of California certain claims against ChipMOS's customers. Tessera opposes these

1 motions. The matter was taken under submission on the papers.
2 Having considered all of the papers submitted by the parties, the
3 Court denies the motions.¹

4 BACKGROUND

5 Tessera develops and patents semiconductor packaging products.
6 Siliconware and ChipMOS are assembly service providers (ASPs); they
7 provide integrated circuit packaging services that allegedly
8 utilize Tessera's technology. In 1998 and 1999, Tessera entered
9 into license agreements with Siliconware and ChipMOS, giving each
10 of them the right to use certain technologies covered by Tessera's
11 patents. The agreements contain an identically worded governing
12 law provision that reads in part:

13 Both parties shall use reasonable efforts to resolve by
14 mutual agreement any disputes, controversies, claims or
15 differences which may arise from, under, out of or in
16 connection with this Agreement. If such disputes,
17 controversies, claims or differences cannot be settled
18 between the parties, any litigation between the parties
19 relating to this Agreement shall take place in San Jose,
20 California. The parties hereby consent to personal
21 jurisdiction and venue in the state and federal courts of
22 California.

23 Trinh Dec. Ex. 2 at 13.

24 Plaintiff brought this lawsuit in 2005. The second amended
25 complaint charges Siliconware and ChipMOS with both breaching their
26 license agreements and infringing Tessera's patents without a
27 license. In April, 2007, Plaintiff filed a complaint in the
28 International Trade Commission (ITC) against, among others,

25 ¹Because Tessera was given the opportunity to oppose the
26 motions and Siliconware and ChipMOS were given the opportunity to
27 submit a reply, the Court rules on the motions for a preliminary
28 injunction as well as the motions for a temporary restraining
order.

1 Defendants AMD, Spansion and STMicroelectronics. The ITC complaint
2 did not name Siliconware, ChipMOS or any of the other ASP
3 Defendants as respondents. The parties signed a stipulation
4 agreeing to a stay of this action in its entirety pending a final
5 decision in the ITC proceedings.

6 After the ITC proceedings had been underway for several
7 months, Siliconware and ChipMOS joined the other ASP Defendants in
8 moving for a preliminary injunction prohibiting Tessera from
9 initiating an ITC action against them or in any other way seeking
10 relief against them outside of California. The ASP Defendants
11 based their motion on their license agreements with Tessera, all of
12 which contain a forum selection clause similar to the one in the
13 Siliconware and ChipMOS agreements. The Court granted the ASP
14 Defendants' motion in part, but only to the extent that Tessera
15 planned to pursue products as to which the ASP Defendants intended
16 to invoke a license defense. Products that the parties agreed were
17 not licensed were not subject to the license agreements' forum
18 selection clause, and thus Tessera was permitted to pursue relief
19 with respect to those products outside of California. See Docket
20 No. 570.

21 The preliminary injunction, which remains in effect, requires
22 Tessera to provide the ASP Defendants with a copy of any proposed
23 complaint against them prior to filing it in the ITC or any court
24 outside of California. The ASP Defendants have ten days after
25 service of the proposed complaint to announce their position on
26 whether the accused products are covered by their license
27 agreements with Tessera. If they do not assert that the proposed
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1 accused products are licensed, Tessera may proceed with its action.

2 In December, 2007, Tessera filed a new complaint in the ITC
3 against eighteen respondents, charging them with infringing
4 Tessera's patents. Tessera also filed a federal lawsuit in the
5 Eastern District of Texas against the same eighteen companies based
6 on the same alleged infringement. Although none of these parties
7 is a Defendant in this lawsuit, Siliconware claims that "at least
8 two" of them are its customers and ChipMOS claims that "at least
9 one" of them is its customer.²

10 The complaints in the ITC and the Eastern District of Texas
11 are not clear on the precise scope of the alleged infringement.
12 However, the ITC complaint identifies a number of chips employing
13 Tessera's laminate-based packaging technology as representative of
14 the accused products.³ Tessera points out that its limited license
15 agreements with Siliconware and ChipMOS give these companies the
16 right to use Tessera's tape-based packaging technology only. See
17 Trinh Dec. Ex. 2 at 3. The parties appear to acknowledge that
18 tape-based packaging and laminate-based packaging are, in all
19 respects relevant to this motion, mutually exclusive of each other.
20 Tessera has offered to stipulate that "it will not, outside of
21 California, assert infringement or seek any type of remedy" against
22 Siliconware, ChipMOS or their customers "based on tape-based
23 package substrate packages," and that "laminate-based package

24 ²Siliconware and ChipMOS consider the details of their
25 relationships with, and in some cases the identities of, their
26 customers to be confidential.

27 ³The Texas complaint does not specify any representative
28 accused products.

1 substrate . . . products are not covered" by the parties' license
2 agreements. Brown Dec. of 1/25/08 Ex. 5; Brown Dec. of 1/30/08 Ex.
3 3. Although Siliconware and ChipMOS rejected Tessera's proposed
4 stipulation because they believed it would not prevent Tessera from
5 pursuing its breach of contract claims in this district,⁴ they each
6 offered to stipulate that "laminate-based package substrates . . .
7 are not 'flexible film circuit starting material.'" Trinh Reply
8 Dec. Ex. 4; Brown Dec. of 1/30/08 Ex. 4. The license agreements
9 define the term, "Tape" as "any flexible film circuit starting
10 material that may be made under certain of the Tessera Patents."
11 Trinh Dec. Ex. 2 at 1.

12 Regardless of whether certain laminate-based products may
13 conceivably fall within the scope of the license agreements,
14 neither Siliconware nor ChipMOS claims that any of the accused
15 products in the new ITC investigation or the Texas action are
16 licensed. In addition, the ITC complaint states, "To the extent
17 that any Accused Product is found to be properly licensed (through
18 the Limited Tape Licenses or otherwise) under Tessera's patents,
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20 ⁴Siliconware and ChipMOS express concern that laminate-based
21 packages "remain the subject of Tessera's breach of contract
22 claims" in the action in this district. However, because Tessera
23 has succeeded in defeating the present motion by representing that
24 it is not pursuing claims in the ITC or the Eastern District of
25 Texas based on licensed products, it will be estopped from later
26 pursuing in the action before this Court a claim for breach of the
27 license agreement based on the products accused in those
28 proceedings. See New Hampshire v. Maine, 532 U.S. 742, 749 (2001)
("Where a party assumes a certain position in a legal proceeding,
and succeeds in maintaining that position, he may not thereafter,
simply because his interests have changed, assume a contrary
position, especially if it be to the prejudice of the party who has
acquiesced in the position formerly taken by him.") (quoting Davis
v. Wakelee, 156 U.S. 680, 689 (1895)).

1 Tessera does not intend to bring -- nor should Tessera be construed
2 to have brought -- any such Accused Product(s) within the scope of
3 the present Investigation." Trinh Dec. Ex. 3 ¶ 9.⁵

4 LEGAL STANDARD

5 A party seeking a preliminary injunction must establish: (1) a
6 reasonable likelihood of success on the merits; (2) irreparable
7 harm if an injunction is not granted; (3) a balance of hardships
8 tipping in its favor; and (4) a public interest favoring the
9 injunction. Sanofi-Synthelabo v. Apotex, Inc., 470 F.3d 1368, 1374
10 (Fed. Cir. 2006). These factors can be established by
11 demonstrating either "(1) a combination of probable success on the
12 merits and the possibility of irreparable injury or (2) that
13 serious questions are raised and the balance of hardships tips
14 sharply in its favor." Mikohn Gaming Corp. v. Acres Gaming, Inc.,
15 165 F.3d 891, 895 (Fed. Cir. 1998) (citing Dollar Rent A Car v.
16 Travelers Indem. Co., 774 F.2d 1371, 1374-75 (9th Cir. 1985)).
17 "These are not two distinct tests, but the poles of a 'continuum in
18 which the required showing of harm varies inversely with the
19 required showing of meritoriousness.'" Id. (quoting Rodeo
20 Collection, Ltd. v. W. Seventh, 812 F.2d 1215, 1217 (9th Cir.
21 1987)).

22 DISCUSSION

23 Neither Siliconware nor ChipMOS has established a likelihood
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25 ⁵The Court notes that an accused product need not be "found to
26 be properly licensed" in order for an infringement claim based on
27 that product to fall within the scope of the license agreement's
forum selection clause. There must merely be a claim that the
product is properly licensed.

1 of success on the merits or the possibility of irreparable injury
2 because they have not shown that Tessera is pursuing or intends to
3 pursue an action outside of California against their customers
4 based on products that are arguably licensed. No dispute has
5 arisen in the ITC proceedings or the Texas action over whether a
6 particular product falls within the scope of the license agreement.
7 This type of dispute would be subject to the forum selection
8 clause. See Texas Instruments v. Tessera, Inc., 231 F.3d 1325,
9 1331 (Fed. Cir. 2000). To the contrary, there is currently no
10 indication that those proceedings involve tape-based products that
11 might fall within the scope of the license agreement, nor has
12 Siliconware or ChipMOS taken the position that any of the products
13 accused in those proceedings are licensed. If they were to take
14 such a position, Tessera concedes that the validity of the license
15 defense is an issue that must be litigated in California.

16 It is possible that, at some future time, Tessera may seek to
17 pursue in the ITC proceedings or the Texas action an infringement
18 claim based on a product that Siliconware, ChipMOS or their
19 customers intends to claim is licensed. In that event, the asserted
20 licensee would be able to obtain the relief now sought. However,
21 the mere possibility that customers of Siliconware or ChipMOS may
22 raise a license defense in connection with some future hypothetical
23 claim amounts to mere speculation that Siliconware or ChipMOS stands
24 to suffer irreparable harm if the present motions are not granted.
25 Accordingly, there is no basis for the Court to issue a preliminary
26 injunction at this time.

27 Nor is there a need for the Court to establish a procedure
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1 similar to the one the Court adopted when it granted the ASP
2 Defendants' earlier motion for a preliminary injunction. At the
3 time that motion was decided, the evidence suggested that Tessera
4 was preparing to initiate a new ITC investigation against the ASP
5 Defendants, and it was not clear whether that investigation would
6 involve products as to which the ASP Defendants intended to claim a
7 license defense. With respect to the present motion, Tessera has
8 already initiated proceedings against customers of Siliconware and
9 ChipMOS, and no party argues that the accused products fall within
10 the scope of the license agreements. Preventing Tessera from going
11 forward in those proceedings would serve no purpose.⁶

12 Moreover, even if a preliminary injunction were justified, the
13 pre-litigation notice procedure Siliconware and ChipMOS request
14 would be inappropriate for two reasons. First, because Tessera has
15 already initiated the ITC and Texas actions, pre-litigation notice
16 is no longer possible. Second, because Siliconware and ChipMOS
17 consider the identities of their customers to be confidential,
18 Tessera would have no way of knowing whether a proposed defendant in
19 a future action is a customer of theirs. Nor would it be
20 practicable to require Tessera to obtain confirmation from
21 Siliconware and ChipMOS as to this fact prior to initiating future
22 litigation.

23 CONCLUSION

24 For the foregoing reasons, the Court DENIES the motions for a
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26 ⁶The Court expresses no opinion as to the merit of any motion
27 the defendants in the Texas action may make to transfer that case
28 to this Court.

1 temporary restraining order and for a preliminary injunction filed
2 by Siliconware (Docket Nos. 638 and 687) and ChipMOS (Docket No.
3 653).

4 IT IS SO ORDERED.

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6 2/12/08

7 Dated: _____



CLAUDIA WILKEN
United States District Judge

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